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DE RUEHCI #0453/01 2820812
ZNR UUUUU ZZH
P 090812Z OCT 06
FM AMCONSUL CALCUTTA
TO RUEHC/SECSTATE WASHDC PRIORITY 1194
INFO RUEHNE/AMEMBASSY NEW DELHI PRIORITY 1062
RUEHBI/AMCONSUL MUMBAI 0421
RUEHCG/AMCONSUL CHENNAI 0421
RUEHKA/AMEMBASSY DHAKA PRIORITY 0256
RUCPDO/DEPT OF COMMERCE WASHINGTON DC
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RUEATRS/DEPT OF TREASURY WASHINGTON DC
RUEHKT/AMEMBASSY KATHMANDU 0256
RUEHGO/AMEMBASSY RANGOON 0175
RUEHCI/AMCONSUL CALCUTTA 1461

UNCLAS SECTION 01 OF 02 CALCUTTA 000453

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DEPT PASS TO USTR

E.O. 12958: N/A

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SUBJECT: TATA MOTORS TO GET LAND IN WEST BENGAL COME WHAT MAY, SAYS
WB GOVERNMENT

REF: CALCUTTA 0411

¶1. SUMMARY: On October 4, 2006, an all-party meeting convened by West Bengal Chief Minister Buddhadeb Bhattacharya failed to reach a consensus on the land acquisition policy for the Tata Motors Car Factory in Singur. With the leading opposition All India Trinamool Congress (AITC) boycotting the meeting, the Indian National Congress party (Congress) voiced its opposition to the Communist Party of India - Marxist (CPM)'s policy, but there are signs that the opposition is backing down in the face of CPM determination to complete the deal by early 2007. End Summary

¶2. West Bengal's Left parties, led by the CPM, have been in power for three decades on the strength of land reforms the CPM carried out in its first two terms between 1977-1988. With declining agricultural productivity in the state, the CPM has adjusted its policies to support industrialization based on large scale manufacturing, hoping to stimulate job creation. Because industrial infrastructure is generally poor in the state, potential investors tend to look for suitable land close to the capital city of Calcutta.

¶3. In early 2006, Tata Motors announced plans to set up manufacturing of a low-priced car in India and Chief Minister Buddhadeb Bhattacharya took a personal initiative in wooing the company to invest in West Bengal. Tata Motors was shown land in various parts of the State and chose nearly 1000 acres of land in the town of Singur in the Hooghly river basin, only 45 kilometers from Calcutta and considered to be the most fertile land in the state. State opposition parties led by AITC leader Mamata Banerjee (whose party also represents Singur in the state legislative assembly) opposed the land purchase for the car project on the grounds that multi-crop agricultural lands were being taken for industrial purposes.

¶4. At the all party meeting on October 4, 2006, the CPM-led government told the political parties, "We cannot stop acquiring land at Singur under any circumstances. The Tatas want to start producing cars by 2008 and they need the land urgently by this year end. We are committed to handing over the land in the stipulated period." The government noted that the total 997 acres required by Tata Motors had been acquired by the state nodal agency, the West Bengal Industrial Development Corporation Ltd. (WBIDC). The land is ready for sale and the WBIDC is busy filling in the low lying areas before handing the land over to Tata Motors.

¶5. State Commerce & Industry Minister Nirupam Sen, addressing the Opposition's objections, said that of the 997 acres, 900 acres is "sully" or fallow land with the rest being "suna" or multi-crop land. Also, he noted that the GOWB had changed the original site plan submitted by the Tata Motors in order to save 164 acres of fertile land. Sen further pointed out that between December 2005 and June 2006, 572 acres of land were sold, and argued that many non-farmers were already buying land from farmers in the Singur area. So far, the WBIDC has completed the purchase of 610 acres of the total 997 acres for the Tata Motors project without any objection from the owners.

¶6. Although the AITC boycotted the all-party meeting, the Congress advocated the AITC point of view, making three demands: 1) a policy on the planned use of agricultural land; 2) creation of a Land Commission; and 3) no hand over of Singur land to Tata Motors before the planned use of agricultural land policy is decided. Chief Minister Bhattacharya rejected the call for a Land Commission on the ground that an Agriculture Commission already has been established, he rejected the demand to stall land acquisition since the Tatas had set a deadline, and he said if land is not handed over to the Tatas by the stipulated time, the investment project would not come to West Bengal.

¶7. COMMENT: While the all-party meeting on October 4 failed to iron out the political differences on the Singur land acquisition for the Tata Motors Car project, the CPM has remained firm in pushing forward Tata's land purchase. A planned 24-hour strike on Monday, October 9, 2006 called by the AITC was reduced to 12-hours, ostensibly to avoid greater inconvenience during the Ramadan period. The opposition realizes that the government will acquire the land at any cost in order to showcase W. Bengal's industrialization drive. The

CALCUTTA 00000453 002 OF 002

opposition parties are also keen to avoid the appearance of an anti-industrialization stance, while still using the convenient political stick of farmers' rights to bash the Left. The Congress is caught in the middle, not only because it runs the central government with CPM support, but also because of the criticism its ruling coalition is facing from the CPM over the similar issue of giving agricultural land for Special Economic Zones that Congress-led governments are implementing in Punjab, Haryana, and Maharashtra.
JARDINE